

**BLISS TOWNSHIP
EMMET COUNTY, MICHIGAN**

Financial Statements
For the Year Ended
March 31, 2008

Prepared By:

Richard E. Mahlmeister, C.P.A., P.C.
580 South Nicolet, P.O.Box 996
Mackinaw City, MI 49701

Auditing Procedures Report V1.04

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name	Bliss Township	County	EMMET	Type	TOWNSHIP	MuniCode	24-1-020
Opinion Date-Use Calendar	Jul 29, 2008	Audit Submitted-Use Calendar	Aug 6, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 82,785.00
General Fund Expenditure:	\$ 70,580.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 85,394.00
Governmental Activities Long-Term Debt (see instructions):	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Richard	Last Name	Mahlmeister	Ten Digit License Number	1101017351				
CPA Street Address	P.O. Box 996	City	Mackinaw City	State	MI	Zip Code	49701	Telephone	+1 (231) 436-5223
CPA Firm Name	Richard E. Mahlmeister, CPA	Unit's Street Address	265 Sturgeon Bay Tr	City	Levering	LU Zip	49755		

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INDEPENDENT AUDITOR'S REPORT

July 29, 2008

Township Board
Bliss Township
Emmet County, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of **Bliss Township, Emmet County, Michigan**, as of and for the year ended March 31, 2008, which collectively comprise **Bliss Township's** basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Bliss Township's** management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of **Bliss Township, Emmet County, Michigan**, as of March 31, 2008, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 19 through 21, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



Richard E. Mahlmeister, C.P.A.
Richard E. Mahlmeister, CPA, PC

BLISS TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights

Net assets at March 31, 2008 totaled \$330,094, representing a decrease of \$369 from the previous fiscal year.

Governmental Fund Highlights

The governmental fund activities of the Township reported combined ending fund balances of \$128,760, which represents an increase of \$5,595 from the previous fiscal year.

Capital Assets and Long-term Debt

Bliss Township has no debt and capital asset activity is addressed further in a subsequent section of this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: 1) management's discussion and analysis; 2) the basic financial statements; and 3) required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities and/or business-type activities. There were no business-type activities for the fiscal year March 31, 2008.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

BLISS TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Township as a whole, using accounting methods used by private companies. The Statement of Net Assets includes all of the Township's assets and liabilities. The Statement of Activities records all of the current year's revenues and expenses, regardless of when received or paid.

The two Government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities. This is one method to measure our financial health or position.

Over time, increases or decreases in the Township's net assets are an indicator of whether financial position is improving or deteriorating.

To assess the overall health of the Township, you may also consider additional factors such as tax base changes, facility conditions, and personnel changes.

Most of the activities are reported as governmental activities. These would include the operations recorded in the General Fund and Road Fund.

The comparison of net assets of governmental activities from year to year serves to measure a government's financial position:

	Bliss Township	
	Net Assets	
	March 31,	
	GOVERNMENTAL	
	ACTIVITIES	
Assets:	2008	2007
Current assets	\$129,799	\$124,026
Capital assets (net)	201,334	207,298
Total assets	<u>331,133</u>	<u>331,324</u>
Liabilities:		
Current liabilities	<u>1,039</u>	<u>859</u>
Net assets:		
Invested in capital assets	201,334	207,298
Unrestricted	<u>128,760</u>	<u>123,167</u>
Total net assets	<u>\$330,094</u>	<u>\$330,465</u>

BLISS TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The most significant portion of the Township's Net Assets is the investment in capital assets (e.g. land, buildings and equipment), less any related debt, of which we have none, that is outstanding that the Township used to acquire or construct the asset. The Township has \$128,760 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by policies regarding their use.

The following table summarizes the results of the changes in Net Assets of the Township:

Bliss Township		
Change in Net Assets		
March 31,		
GOVERNMENTAL		
ACTIVITIES		
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$2,400	\$1,400
Operating grants and contributions	-	20,000
General revenues:		
Property taxes	31,231	29,731
State-shared revenues	50,514	50,329
Interest income	913	1,074
Other	1,077	1,722
Total revenues	<u>86,135</u>	<u>104,256</u>
Expenses:		
Legislative	3,301	1,380
General government	47,070	45,926
Public safety	5,000	6,893
Public works	12,415	1,303
Recreation and culture	6,858	6,304
Other	5,896	5,368
Unallocated depreciation	5,964	3,420
Total expenses	<u>86,504</u>	<u>70,594</u>
Net assets:		
Increase (decrease) in net assets	(369)	33,662
Beginning net assets	330,463	296,801
Ending net assets	<u>\$330,094</u>	<u>\$330,463</u>

BLISS TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities

The Township's net assets decreased \$369 during the fiscal year.

Revenue remained stable from the prior year, with the exception of a \$20,000 local revenue sharing grant that was received in the prior year to assist in the construction of the Township's fire hall, which we did not receive again in the current year.

Overall expenses have remained stable, with the exception of the public works expense which has increased by \$11,112. This increase is generally attributable to public works expenditures for road repairs, notably the Valley Road project.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They may also be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Township has the following types of funds:

Governmental Funds

Most of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

The Township maintains two individual governmental funds; General Fund and Road Fund, both of which we consider major funds. The Township funds are financed primarily by both property tax revenue and state shared revenues.

Fiduciary Funds

The Township acts as a trustee or fiduciary and is responsible for insuring that the assets of these activities are collected and disbursed to the respective entities to which the funds belong. The Township maintains these funds and is responsible for insuring that the assets of these activities are spent for their intended purpose and at the direction of those individuals/organizations to which the funds belongs. These activities do not appear in the Township's government-wide financial statements since the assets do not belong to the Township. The Township maintains a Tax Collection Fund in this category.

BLISS TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Fund Activities

The Township's fund activities remained consistent. The Township continued to provide the same services to its residents: administrative, assessing, elections, township hall maintenance, road maintenance, and tax collection. The General Fund increased its fund balance by \$12,205, bringing the fund balance to \$85,394, and the Road Fund decreased its fund balance by \$6,610, bringing the fund balance to \$43,366. The decrease to the fund balance of the Road Fund can be attributed to public works expenditures for road repairs, notably the Valley Road project.

Capital Asset and Debt Administration

Capital Assets

At March 31, 2008, the Township's governmental activities had \$201,334 in net capital assets (land, buildings and equipment). There were no capital assets purchased during the current year.

Long-Term Debt

No new debt was incurred during the year, nor is there any other long-term debt.

BUDGETARY HIGHLIGHTS

Overall there are no significant differences between the original and actual budget. We did spend less on fire hall improvements than we planned on doing.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Township expects financial aspects of governing to be generally the same as in the current year. However, one area of continuing potential revenue reduction is in state-shared revenues. These monies come from the State of Michigan and are contingent on various economic and political considerations.

In the near-term, the Township expects financial aspects of governing to be generally the same as they were in the year ended March 31, 2008.

CONTACTING TOWNSHIP MANAGEMENT

This financial report is designed to provide our citizens, creditors, investors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for revenues it receives. If you have any questions concerning this report, or need additional information, please contact any township official at 231.537.4680 (Bliss Township Hall).

Phillip Lechowicz
Bliss Township Supervisor

Doris LaVictor
Bliss Township Clerk

Mary Fortney
Bliss Township Treasurer

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BLISS TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2008

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>
Cash and cash equivalents	\$115,002
Receivables:	
Property taxes	8,210
Due from fiduciary fund	441
Due from other governmental units	6,146
Capital assets (Net of Accumulated Depreciation)	<u>201,334</u>
<u>TOTAL ASSETS</u>	<u>331,133</u>
<u>LIABILITIES</u>	
Accounts payable	<u>1,039</u>
<u>NET ASSETS</u>	
Invested in capital assets	201,334
Unrestricted	<u>128,760</u>
<u>TOTAL NET ASSETS</u>	<u><u>\$330,094</u></u>

The accompanying notes are an integral part of these financial statements.

**BLISS TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
Legislative	\$3,301	\$ -	\$ -
General government	47,070	2,400	-
Public safety	5,000	-	-
Public works	12,415	-	-
Recreation and culture	6,858	-	-
Other	5,896	-	-
Unallocated depreciation	5,964	-	-
Total governmental activities	86,504	2,400	-
General Revenues			
Property taxes			
State-shared revenues			
Unrestricted interest income			
Other			
Total general revenues			
Change in net assets			
Net assets, beginning of year			
Net assets, end of year			

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	
Capital Grants and Contributions	TOTAL
\$ -	(\$3,301)
-	(44,670)
-	(5,000)
-	(12,415)
-	(6,858)
-	(5,896)
-	(5,964)
-	(84,104)
	31,231
	50,514
	913
	1,077
	83,735
	(369)
	330,463
	\$330,094

FUND FINANCIAL STATEMENTS

BLISS TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2008

ASSETS	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$74,496	\$40,506	\$115,002
Taxes receivable	5,350	2,860	8,210
Receivable from other governments	6,146	-	6,146
Due from other funds	441	-	441
TOTAL ASSETS	\$86,433	\$43,366	\$129,799
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$1,039	\$ -	\$1,039
FUND BALANCES:			
Unreserved:			
Designated for subsequent years' expenditures	28,080	10,000	38,080
Unreserved, undesignated	57,314	33,366	90,680
TOTAL FUND BALANCES	85,394	43,366	128,760
TOTAL LIABILITIES AND FUND BALANCES	\$86,433	\$43,366	\$129,799

The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2008

Reconciliation of fund balances on the balance sheets for governmental activities
to the statement of net assets

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$128,760
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

Add: capital assets	230,434
Subtract: accumulated depreciation	<u>(29,100)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$330,094</u>
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The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$28,371	\$2,860	\$31,231
State shared revenues	50,514	-	50,514
Charges for service	2,400	-	2,400
Interest	423	490	913
Other	1,077	-	1,077
TOTAL REVENUES	82,785	3,350	86,135
EXPENDITURES:			
Current:			
Legislative	3,301	-	3,301
General government	47,070	-	47,070
Public safety	5,000	-	5,000
Public works	2,455	9,960	12,415
Recreation and culture	6,858	-	6,858
Other functions	5,896	-	5,896
TOTAL EXPENDITURES	70,580	9,960	80,540
NET CHANGES IN FUND BALANCE	12,205	(6,610)	5,595
FUND BALANCES - BEGINNING OF YEAR	73,189	49,976	123,165
FUND BALANCES - END OF YEAR	\$85,394	\$43,366	\$128,760

The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

Reconciliation of statement of revenues, expenditures and changes in fund balances of governmental funds to statement of activities

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$5,595

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, those costs are allocated over their useful lives as annual depreciation expense in the statement of activities.

Add: capital outlay capitalized during the current year

-

Subtract: depreciation expense

(5,964)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

(\$369)

The accompanying notes are an integral part of these financial statements.

**BLISS TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
MARCH 31, 2008**

ASSETS

Cash and cash equivalents	<u>\$441</u>
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LIABILITIES

Due to other funds	<u>441</u>
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NET ASSETS

Fiduciary net assets	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bliss Township, Emmet County, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity includes those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as general revenue.

BLISS TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Major funds are generally those that represent 10% or more of the respective fund type assets, liabilities, revenues or expenditures.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Financing is provided primarily by property taxes and state shared revenues.

Road Fund - This fund accounts for revenues and expenditures attributable to improvement of various roads located within the Township. Revenue is primarily obtained from property taxes.

Fiduciary Funds

Trust and Agency Fund - The Tax Collection Fund is used to account for property taxes collected for the Township and as an agent for other governmental units. Fiduciary activities are not reported in the government-wide financial statements.

BLISS TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost, which approximates market, and consist of certificates of deposit with maturity values of three months or longer. The Township has no investments as of March 31, 2008.

INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. All receivables are reported at their gross values.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

There are no accumulated vacation, sick leave or post-employment benefits to be recognized.

CAPITAL ASSETS

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are generally defined by the government as assets with an initial individual cost of \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repair are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	15 – 40 years
Equipment	5 – 10 years

BLISS TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs are reported as debt service expenditures. The Township has no long-term obligations as of March 31, 2008.

FUND EQUITY

Reserved fund balances for governmental funds indicate that portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is then legally enacted through passage of a resolution.
4. Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

BLISS TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3: PROPERTY TAX

Property tax revenues for the year ended March 31, 2008, reflected in the accompanying financial statements include property taxes levied December 31, 2007. These taxes are due by February 15, 2008, and are added to the County tax rolls after February 28, 2008. The Township will receive 100% payment for the delinquent tax by June, 2008.

The taxable value of the Township totaled \$19,260,715, on which ad valorem taxes consisted of .9469 mills for the Township's operating purposes, raising \$21,014 for operating purposes. The Township also receives payment in-lieu of taxes from the State of Michigan.

NOTE 4: CASH AND CASH EQUIVALENTS

The caption on the statements of net assets relating to cash and cash equivalents of \$115,002 represents deposits in two financial institutions located in Michigan in varying amounts. The total deposits in each individual financial institution do not exceed \$100,000 and therefore, are covered by the Federal Deposit Insurance Corporation (F.D.I.C.). The Township may experience significant fluctuations in deposit balances through the year.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NOTE 5: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivables\payables for the year ended March 31, 2008 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$441	\$ -
Fiduciary-tax collection	-	441
Total	<u>\$441</u>	<u>\$441</u>

There were no interfund transfers during the fiscal year.

BLISS TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6: CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year is as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Not being <u>depreciated:</u>				
Land	\$13,000	\$ -	\$ -	\$13,000
 <u>Being depreciated:</u>				
Building and improvements	211,155	-	-	211,155
Furniture and equipment	6,279	-	-	6,279
Subtotal	230,434	-	-	230,434
 Less accumulated depreciation	(23,136)	(5,964)	-	(29,100)
Total	\$207,298	(\$5,964)	\$ -	\$201,334

Depreciation was charged to the Township's functions as follows:

Unallocated	<u>\$5,964</u>
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NOTE 7: RISK MANAGEMENT

Bliss Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township. The Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for property of \$431,500, general liability of \$1,000,000, wrongful acts of \$1,000,000, crime of \$10,000, automobile of \$1,000,000, inland marine liability of \$2,000, EDP of \$8,000 and bonding for public officials errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

BLISS TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Property tax	\$18,187	\$18,187	\$21,014	\$2,827
Property taxes - administrative fee	6,022	6,022	6,800	778
Penalties and interest	-	-	557	557
Total taxes	24,209	24,209	28,371	4,162
State shared revenues:				
State shared revenues	39,201	39,201	39,111	(90)
State shared revenues - METRO Act	-	-	2,052	2,052
Swampland tax	9,530	9,530	9,351	(179)
Total state shared revenues	48,731	48,731	50,514	1,783
Charges for services:				
Cemetery lots, burials and other	1,000	1,000	2,400	1,400
Interest	1,100	1,100	423	(677)
Other revenue:				
Land division fees	400	400	120	(280)
Other	700	700	957	257
Total other revenue	1,100	1,100	1,077	(23)
TOTAL REVENUES	76,140	76,140	82,785	6,645

**BLISS TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
CURRENT:				
LEGISLATIVE				
Township board	\$3,020	\$3,500	\$3,301	\$199
GENERAL GOVERNMENT				
Supervisor	6,000	6,000	5,464	536
Elections	700	1,300	1,273	27
Professional Services	600	600	500	100
Assessor	10,600	10,750	10,350	400
Board of Review	1,600	1,600	1,241	359
Clerk	7,000	7,069	7,069	-
Treasurer	9,000	9,000	8,526	474
Township property	29,500	29,500	6,787	22,713
Cemetery	6,000	6,000	5,860	140
TOTAL GENERAL GOVERNMENT	71,000	71,819	47,070	24,749
PUBLIC SAFETY				
Fire protection	5,500	5,500	5,000	500
PUBLIC WORKS				
Highways and streets	5,000	5,000	2,455	2,545
RECREATION AND CULTURE				
Library	5,700	6,100	6,018	82
Parks	800	840	840	-
TOTAL RECREATION AND CULTURE	6,500	6,940	6,858	82
OTHER FUNCTIONS				
Insurance, bonds and other benefits	6,400	6,692	5,896	796
TOTAL EXPENDITURES	97,420	99,451	70,580	28,871
NET CHANGE IN FUND BALANCE	(21,280)	(23,311)	12,205	35,516
FUND BALANCE - BEGINNING OF YEAR	73,189	73,189	73,189	-
FUND BALANCE - END OF YEAR	\$51,909	\$49,878	\$85,394	\$35,516

BLISS TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
SPECIAL REVENUE - ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property tax	\$2,000	\$2,000	\$2,860	\$860
Interest income	-	-	490	490
TOTAL REVENUES	\$2,000	\$2,000	\$3,350	\$1,350
EXPENDITURES:				
Public works	10,000	10,000	9,960	-
TOTAL EXPENDITURES	10,000	10,000	9,960	-
NET CHANGE IN FUND BALANCE	(8,000)	(8,000)	(6,610)	1,350
FUND BALANCE - BEGINNING OF YEAR	49,976	49,976	49,976	-
FUND BALANCE - END OF YEAR	\$41,976	\$41,976	\$43,366	\$1,350

July 29, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Township Board
Bliss Township
Emmet County, Michigan

I have audited the financial statements of the governmental activities and each major fund, of Bliss Township, and have issued my report thereon dated July 29, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated April 18, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you on July 23, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bliss Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was determining depreciation expense. I evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated July 29, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

Auditing standards require me to report to you significant audit findings or issues. Following are the significant findings I noted during my audit:

- There is a lack of segregation of duties in the accounting function due to the limited number of accounting personnel. This condition is generally inherent in organizations the size of Bliss Township, where corrective action is not practical, and to the extent possible, duties are allocated between accounting personnel to mitigate the risk of material asset misappropriation.
- Bliss Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, and to present required financial statement disclosures. However, small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year-end financial statements.

Additionally I have presented other matters for your consideration in the same letter dated July 29, 2008.

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board and management of Bliss Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Mahlmeister".

Richard E. Mahlmeister, C.P.A.
Richard E. Mahlmeister, C.P.A., P.C.

July 29, 2008

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL
WEAKNESSES IN INTERNAL CONTROL AND OTHER MATTERS

Township Board
Bliss Township
Emmet County, Michigan

In planning and performing my audit of the financial statements of *Bliss Township* as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Bliss Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bliss Township's internal control. My consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, I do not express an opinion on the effectiveness of Bliss Township's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and a deficiency that I consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

I consider the following deficiencies to be significant deficiencies in internal control:

Lack of Segregation of Duties

Lack of segregation of duties exists in the accounting function due to the limited number of accounting personnel.

This condition is generally inherent in organizations the size of Bliss Township, where corrective action is not practical, and to the extent possible, duties are allocated between accounting personnel to mitigate the risk of material asset misappropriation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

I believe the following deficiency constitutes a material weaknesses:

Financial Statement Preparation

Bliss Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, and to present required financial statement disclosures.

However, small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year-end financial statements.

In addition, I noted other matters for your consideration:

Considering the size and accounting needs of the Township, the current accounting software adequately provides accounting information for financial statement preparation. However, though the basic structure is there, it does not fully utilize the Uniform Chart of Accounts, as prescribed by the State of Michigan. Additionally the Township should implement separate fund accounting for the Special Revenue Fund (Roads) of the Township.

I suggest that the Board, when next updating the accounting software, consider pursuing purchasing fund accounting software to a level that will provide accounting and budgeting information, separately for each fund, that may be more useful to management and fully utilize the Uniform Chart of Accounts, as prescribed by the State of Michigan.

Bliss Township
July 29, 2008
Page 3 (three)

This communication is intended solely for the information and use of management and the Members of the Board of **Bliss Township**, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the opportunity to serve **Bliss Township**. Best wishes in the next year.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Mahlmeister". The signature is fluid and cursive, with a large initial "R" and "M".

Richard E. Mahlmeister, C.P.A.

Richard E. Mahlmeister, C.P.A., P.C.